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TO: Economic Support Supervisors  
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Workforce Development Boards  
Job Center Leads and Managers

FROM: Amy Mendel-Clemens  
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#### BEM/DWS OPERATIONS MEMO

No: 05-39

DATE: 09/29/2005

FS	<input type="checkbox"/>	MA	<input checked="" type="checkbox"/>	SC	<input type="checkbox"/>
CTS	<input type="checkbox"/>	CC	<input type="checkbox"/>	W-2	<input type="checkbox"/>
FSET	<input type="checkbox"/>	EA	<input type="checkbox"/>	CF	<input type="checkbox"/>
JAL	<input type="checkbox"/>	JC	<input type="checkbox"/>	RAP	<input type="checkbox"/>
WIA	<input type="checkbox"/>	Other	EP	<input type="checkbox"/>	★

PRIORITY: HIGH

**SUBJECT:** Expanded Medicaid Benefit Recovery

**CROSS REFERENCE:** MEH 6.2, CARES Guide Chapter 9

**EFFECTIVE DATE:** With the release of this memo

#### PURPOSE

The 2005-2007 State Budget, effective beginning July 27, 2005, allows the Department to expand the recovery of incorrectly made Medicaid (MA) payments when recipients fail to report changes in household composition or other, reportable, *non-financial* circumstances that impact eligibility or cost share. This memo outlines the impact of this change.

#### BACKGROUND

Prior to enactment of the 2005-2007 State Budget amendment, the Department could only seek recovery of incorrectly paid MA benefits made when a recipient omitted information or gave misinformation at application or review, or failed to report a change in income or assets. Agencies are required to establish claims for recoverable MA overpayments.

Administrative hearings involving attempts to recover incorrectly paid benefits have been unsuccessful due to inadequate statutory language support relating to unreported *non-financial*

changes such as changes in residence, household composition, or insurance coverage/access.

In addition, the statutory language was not previously applicable to all MA subprograms. The new language seeks to remedy these oversights.

## ***POLICY CHANGE***

Effective July 27, 2005, local county/tribal agencies must begin establishing benefit recovery claims for all client-caused MA overpayments including those caused by a recipient's failure to report non-financial circumstances that impact eligibility or cost share amounts. This change expands recovery of overpayments to all MA programs including Family Planning Waiver (FPW), MA Purchase Plan (MAPP), Well Woman MA (WWMA) and BadgerCare (BC). Local agencies must now establish benefit recovery for overpayments based on non-report of financial and non-financial circumstances. Establish these claims as you become aware of them.

**NOTE ➤**For ongoing cases, allowing for adverse action notice requirements, the earliest a claim could be established would be September 1, 2005. For applications on/after July 27, 2005, the claims could be established effective with the application date.

## ***PROCEDURE***

### ***HOW TO DETERMINE AN OVERPAYMENT***

Section 6.2.1 of the Medicaid Eligibility Handbook (MEH) states:

“An “overpayment” occurs when MA benefits are paid for someone who was not eligible for them, or when MA payments were made in an incorrect amount. Only overpayments caused by an applicant/recipient’s failure to accurately report circumstances that impact eligibility are subject to recovery. The amount of the recovery may not exceed the amount of the MA benefits incorrectly provided”.

The Corrective Action chapter (6.2) of the MEH outlines the entire overpayment process, including how to determine if an overpayment is recoverable, how to calculate an overpayment amount, overpayment notice requirements and fair hearing guidelines. Refer to these handbook cites when determining if an overpayment exists.

The policy for recovery on an application has not changed, except now we can recover incorrectly paid benefits on MAPP, FPW and WWMA applications. If financial/non financial information is not reported by the applicant/recipient, and it is determined that the individual was ineligible, all benefits received are recoverable during the period of ineligibility.

### ***Recovery On An Ongoing Case***

Services provided in error prior to July 27, 2005 are recoverable under the previous benefit recovery policies. Services provided in error after that date are subject to the newly expanded policies described within this document.

Following are examples of new overpayment circumstances and what can now be recovered.

**Example 1:** Joe and his family were determined eligible for BadgerCare with a premium in July. In November, Joe's worker learned that, effect August 1<sup>st</sup>, Joe had access to health insurance for his family through his employer, with the employer paying more than 80% of the premium for this coverage. The worker entered the information in CARES and closed the case effective November 30<sup>th</sup>.

**What can now be recovered** – Because Joe did not report the insurance access to his worker, the capitation payments to the BadgerCare HMO for the months he was incorrectly certified for BC are overpayments. With AA notice, BadgerCare would have ended August 31<sup>st</sup>. The overpayment would be the amount of HMO capitation payments less any premiums paid for September, October and November.

**Example 2:** Sally, determined eligible for waivers in January with a cost share, experienced a reduction in her health insurance expense in July, but did not report that to her worker until her November review. The worker made the changes in CARES and increased her cost share for December.

**What can now be recovered** – Had Sally reported timely, her cost share would have increased beginning in August. Since the new policy is effective 7/27, August is the first month the agency can recover. The overpayment is the difference between the new cost share and the old cost share for August, September, October and November.

**Example 3:** Shana was determined eligible for Well Woman Medicaid (WWWMA) in February. She had private insurance, but due to a waiting period for preexisting conditions, her treatments weren't covered. The waiting period ended July 31<sup>st</sup>, and the private insurance began to cover Shana's treatment effective August 1<sup>st</sup>. Shana did not report this to her worker so MA continued to pay some service costs for Shana until the worker closed the case effective November 30. Since her case would have closed August 31<sup>st</sup> if she had reported the change timely, Shana has an overpayment for September through November.

**What can now be recovered** – Giving AA notice, WWWWMA would have closed August 31, 2005. The Fee For Service claims paid for September, October and November are recoverable.

**Example 4:** John and his family were determined eligible for BadgerCare in June. John accepted a new job in South Carolina and the family moved out of state on July 20<sup>th</sup>. Since they were no longer residents of Wisconsin, they were no longer eligible for BC. However, because the move to South Carolina was not reported, capitation payments continued to be made for John and his family until the worker closed the case effective December 31<sup>st</sup>.

**What can now be recovered** – Giving 10 days to report and following AA logic, the case would have closed August 31, 2005. Fee For Service claims and/or HMO capitation payments for September, October, November and December are recoverable.

**Example 5:** Susan was determined eligible for Healthy Start in January; she was pregnant with a due date of August 15<sup>th</sup>. On February 3rd, she miscarried but did not report this change to her worker. Her HS eligibility continued until the worker closed the case effective October 31<sup>st</sup>. Once she was no longer pregnant, she would have been eligible for the two month extension only. Susan was not eligible for the months May through October.

**What can now be recovered** - The change should have been reported in February. Allowing for the 2 month extension, Healthy Start should have closed April 30. Since the change to the law was not effective until July 27, 2005, claims with dates of service on or after July 27<sup>th</sup> are recoverable.

**Example 6:** John is in waivers paying a cost share. Due to deteriorating health, John moves to a nursing home on August 17, 2005. This change is not reported to his worker until December 2nd. Had the change been reported and negative notice given, he would have had a patient liability beginning in October.

**What can now be recovered** - The overpayment is the difference between the cost share that was paid and the nursing home patient liability for October, November and December.

### BENEFIT RECOVERY CLAIMS

The benefit recovery process differs based on what MA program is involved. However, the process of establishing an MA claim within CARES has not changed. Refer to Chapter 9 in the CARES guide for detailed instructions on entering a claim.

## **CONTACTS**

BEM CARES Information & Problem Resolution Center

★Program Categories – FS – FoodShare, MA – Medicaid, SC – Senior Care, CTS – Caretaker Supplement, CC – Child Care, W-2 – Wisconsin Works, FSET – Food Stamp Employment and Training, CF – Children First, EA – Emergency Assistance, JAL – Job Access Loan, JC - Job Center Programs, RAP – Refugee Assistance Program, WIA – Workforce Investment Act, Other EP – Other Employment Programs.

DHFS/DHCF/BEM/JE/JW